

## Excerpted Remarks With Community Leaders in Portsmouth, New Hampshire

January 15, 1992

*The President.* First, let me just say thanks to the Governor for providing this cold weather—[*laughter*—]but warm welcome. And I will make a couple of comments at the end, but I do want to do what Judd said, to listen.

I want to single out, of course, Senator Bob Smith, who came up on the plane with us, and Bill Zeff, your able Congressman, who came with us. I don't think Warren is here, Warren Rudman. But Judd Gregg—and thank them for their support and being with us in this campaign. I also see Bonnie Newman over here, who is well-known to every businessperson in this State and who's been a great addition to our administration, now back in the private sector.

The only point I want to make at the beginning is, look, I have not just discovered New Hampshire. When a storm hits the seacoast here, it hits me. [*Laughter*] And I can give you some vivid examples of that. And we've been here over and over again, not only New Hampshire but 48 States. And I care. And I hope I understand, but I know I'll understand better after I hear the depth of concerns that the people in this group have to offer me.

So, I will listen, and I'll be glad to take any questions. I'll be glad to tell you what I think would help the economy of this State. And what helps the economy of the whole Nation clearly will help, so I'll give you a little preview of coming attractions for the State of the Union because we've got to do something there.

Incidentally, I omitted a former Senator sitting over here, Gordon Humphrey. And I'm just thrilled to have his leadership and his support involved. And if I start clicking it off and leaving out people sitting next to me—I'm already in trouble with Ruth. [*Laughter*] But I really am very pleased. I feel nothing but warmth here. I know I've got big problems, but we're going to take care of those by demonstrating what I feel in my heart and answering some of the outrageous allegations that we hear at this time

of year, every 4 years, from political opponents. But that's the way life is.

I've done my part for the economy. We've brought 300 press up here. [*Laughter*] My answer to you is, if you can take it, so can I. [*Laughter*] So go ahead. I don't know what the order is, but Judd, fire away.

[*At this point, remarks were made by participants.*]

*The President.* Let me just comment on these, and then I want to hear from as many people as possible. First, on Doug, one of the things this trip was about was trying to expand markets abroad. And I get hit by some saying this is managed trade. I am for free and fair trade, not managed trade. And what we did was go over there and get access, not everything I wanted, but get access to markets.

Doug mentioned high-tech. One of the things we did do, and we've been supported 100 percent by the computer industry, is get access to the Government computer industry. Forty percent of the computers in Japan are American; in the Government, .04 percent are. Now we've broken that barrier down.

We can help the Governor on his trade missions by this kind of initiative. And I am not going to stop trying to open these markets because somebody said I ought to stay home. We've got a global economy. And he put his hands on it when he talked about the high-tech factor. We are good in this area; we need to do better.

You mentioned financing and venture capital. Please help me and Bob Smith and Bill Zeff and Warren Rudman get a capital gains tax cut. This is not a tax break for the rich; it is a creation of small jobs.

We are in a demagogic year. A lot of people that have discovered New Hampshire for the first time, they've never been to this State before, never heard of it, don't know the heartbeat of the State. I think I do. Went to school across the line here, have a house down the road here, can see it

almost, what's left of it, when we landed at Pease—[laughter]—and come in here all the time. And I think I understand.

And I think that this State would prosper by getting the kind of capital gains reduction—and let me take the heat on whether it's a tax cut for the rich or not. But help me when I come out with this yet again in the State of the Union.

Deborah, you talked about “hope that the light at the end of the tunnel is not a train.” I would remind you of another country-western song by the Nitty Gritty Dirt Band, “If you want to see a rainbow, you've got to stand a little rain.” And New Hampshire has stood more than a little rain. It's had a flood of bad news. And again, I understand it, but I think the answer: less in the regulations.

We're trying to do better on regulations. I do believe that the Fed interest rates that are down now—and interest rates are at a wonderful level, I'd like to see them down further frankly, but at a wonderful level—will kick in and will stimulate investment. There is no other side to that coin. It will help. And it will help the real estate business.

Frankly, I think that the talks we've had with the regulators, so that the good loans are not marked up, is going to help. I hope it will. I think we have had some excesses of regulation. Yet some of the people running around this State are the very ones in their hearings that are trying to say that forbearance, they call it, forbearance is bad. By that they mean you need more regulation. We need less regulation. And I think the Vice President is trying very hard on this Competitive Council. We've got a better job to do there, but I just wanted you to know I think you're on to something on that.

And I won't comment on all the others, but in terms of bank funding and bank—the only good news out of all this dreary news in terms of the financial institutions is that the depositor, thank heavens, and again, I salute the Members of the Senate and Congress that are here today, has not lost a dime. The depositors haven't. But the financial institutions—I still feel good banks should make good loans. And as this interest rate goes down, I think, inevitably, that is

going to happen.

But real estate has been hurt. And I will have proposals in the State of the Union Message that I think will put value back, and capital gains is a part of this, in the asset people care about the most; that's their homes. Part of the fear that I think exists is because people wonder, “Hey, what's happened to my home, my house?”

Again, I might say that I haven't diverged one inch from my commitment to what I think are New Hampshire values; I know they're Bush family values, in terms of family and neighborhood and community and child care that can be done at the local level and all of this.

Last point, Dan, yes, I remember talks long ago here. And this helps me. I think I've known, look, this economy is in free-fall. I hope I've known it. Maybe I haven't conveyed it as well as I should have, but I do understand it. And your comments make that even clearer. But I do think that on high-tech, which does offer a partial and hopefully optimistic part of the answer to the problem, R&D, capital gains, a new education program that literally revolutionizes schools, but one of which's goals is proficiency in math and science for young people. Little longer range, incidentally, but it is absolutely fundamental to the innate well-being of a State like New Hampshire. And in the meantime, we can go forward with job training to take the work force you're talking about and try to equip them for jobs that will be there as this economy turns around.

I've got a couple of other specific things, the R&D that you mentioned and Doug mentioned also. Somebody mentioned mandated benefits. We are going to continue to fight against the mandated benefits, telling the communities that if they want, quote, Federal money, they've got to do it by some Federal formula. I think that has been a problem on health care containment and a lot of other things. So, I'll stop there, but R&D, we will continue to press for the R&D credits that I do think will have a big difference in creating the kind of job opportunities that you appropriately mentioned. There are many more. But again, these comments were helpful, and I welcome any

more. Or comments.

Q. Would you like to comment on the depreciation or investment tax credits?

*The President.* Yes, I would, because we're getting to a funny season here politically where everybody's running around saying, what's going to have the most populist appeal? What is the thing that's going to help the most? There was a proposal made by one of Bob Smith's colleagues a while back, last fall, of a massive tax cut, and the long-term interest rates shot up the very next day. I will not go for a quick fix.

What we will be proposing and have proposed and have been stiffed by a Democratic Congress are things that would do what you're talking about. Capital gains is part of it; IRA's that affect the first-time homebuyers is another part of it; extension of the R&D tax credit is another part of it. And these are aimed at what you're talking about, real growth. And to those I would add an education and retraining program that is absolutely fundamental to be able to compete. I would add a necessity for this President and for Governors to do what we're trying to do, and that is to get access, fair access, to others' markets.

I would avoid the siren's call of protection that suggests the way for us to get strong is to put quotas on and to start managing trade. We'd be right back where we were in the Smoot-Hawley days of the thirties, and there are one or two other people around here that are old enough to remember what it was like when we shrunk the foreign markets.

So, I agree with what you say. I hope this is what we've been trying to do. And I know this is a political trip because the campaign has to pay for it, so give me more Congressmen like Senator Smith and Bill Zeliff and Gordon Humphrey and this Governor, and I believe we can get the kind of investment-oriented programs through the Congress. I am going to try again. And I would like to save one or two additions to what I've told you for the State of the Union, but I hope you'll agree that what we're proposing is not a quick political fix that will get you votes through a series of southern primaries after the New Hampshire primary, but something that will take

the Government role and use it in partnership with private industry and State governments to get this sick economy moving.

I don't want to try to be up here to assert blame; I'll take my share of it. But when you look at what we have tried to do in terms of growth incentives and the way we've been stiffed by a hostile Congress for pure political reasons, I need the help of the people in this State. That's one reason I'm just delighted to be here. But again, when it rains before you see that rainbow, the President has to take his share of the blame. And I'm here to do just exactly that. But we will stay involved internationally, and I will press for those kinds of sound investment—you mentioned depreciation schedules or ITC, that's sound.

And please stay tuned for the State of the Union.

*[At this point, remarks were made by a participant.]*

*The President.* That might well be, the double declining balance of the depreciation and some of these things taken out so that there could be an overall tax cut. It worked for a while, but I think now anything we do with the Tax Code should be to stimulate real investment, some degree real savings, because we're not saving enough as a nation and thus the banks don't have enough of the capital that they would have otherwise to loan out, and through education and R&D and all of this keep our technological edge. We've still got it, but we need to keep it and build it and strengthen it.

So, that's the approach we're going to be taking in terms of real investment. And I am going to resist, I don't care what it costs in terms of votes, some of these siren's calls that go out to simply take across-the-board tax cuts that have a good sound to them but do not do what you're talking about. The way to create jobs is through what you're talking about, and that's what I have tried to do. And I'm going to be more effective doing it in the future because I'm going to take my case right to the American people and say, "Look, here's what I've tried to do; now I need your help." New Hampshire's hurting, these other States are hurting. And

this is the approach we're going to take. And I hope it makes sense.

*Q.* During the Persian Gulf war, one thing that I thought was very obvious was the fact that we had daily updates on where the war was going. People knew what was going on on a daily basis. It created a lot of interest, and it created a lot of support for what you were doing over there. In my lifetime, whenever I've watched the State of the Union Address I've agreed with a lot of things any administration has said, but as the weeks go on it loses some of its interest, some of its impact. I would suggest to you that during your State of the Union Address you tell the American public that once a week, for the next 4, 6, 8, 10 weeks, you're going to come on prime time and update us on the status of your proposals that you make in the State of the Union Address.

*The President.* It's an interesting suggestion. Here are the people you want to talk to about giving me the prime time out here because we're in an election year and you'll have every jackleg jumping up demanding equal time with some screwy scheme. [Laughter]

But I believe that you've got something. I have to keep it before the American people. I have not done a good job in getting people to understand we've had a growth agenda. I have proposed in three State of the Union Messages some of the various things I'm hearing around here we should do. And I don't believe there's a working guy in New Hampshire that understands that. That's my fault. We've got to do better on it, and I think you've got a pretty good idea.

I'd like to take the same kind of energy and leadership that we had in Desert Storm and use it to help the working men and women in the State of New Hampshire and across this country. There is one significant difference. When I moved 500,000 troops about 14 months ago, I didn't have to ask permission from a Democratically controlled Congress. When I said, a year ago to this very day, we may have to go into battle, and I don't like sending any mother's son into battle, or daughter either, but we did it. Didn't have to get permission. Didn't have to go to subcommittee chairmen that

Bill Zeliff has to wrestle with, or Bob Smith, every day to have a debate on what's going to happen the minute I finish this State of the Union. They've already prepared their response. We just did it.

I'm the Commander in Chief. I have the responsibility for the national security of this country. We led, and we lifted the American spirit. And now you see some of these magazines coming out with the revision of all that, trying to take it away from the American people. I talked to one of our leading generals about it yesterday, and he's just sick about that kind of revisionistic reporting. The American people know what they saw. They saw leadership. They took pride in their young men and women. And we can do the same thing domestically, I believe.

I'm not arguing about your suggestion. I'm simply arguing about the modalities because, one, political year; two, getting access to the airwaves for the kind of update is pretty complicated and quite expensive.

We will try very, very hard again. And I think I can be more effective, and I'm going to say, "Look, let's do it this way. Let's lay aside the politics. Let's do it this way." And then if they don't like it, fine. Keep hammering that away to the American people. So, I realize that we need a follow-up, but I just argue whether we can get that nice, crisp, clean air time that I'd like to have.

And it was available, in a sense, to our national purpose. Remember on Desert Storm, though, the criticism of the President, it goes with my job, didn't sell it, American people don't understand what we're doing, American people don't know, let's wait, let's wait, this man will get out, these sanctions will take care of it, body bags. It wasn't all as clear on the international front as it seemed after these young men and women did that job.

But we can do it here. And again, this meeting helps sensitize me to the fact that we must do it.

*Q.* You can't mention this, but I can, and I do recall there was some criticism. In fact, there were some people that openly opposed the idea of standing up to Saddam Hussein in Kuwait, and one of them is run-

ning for President in the Republican Party.  
[Laughter]

Q. As a corollary to Desert Storm, I'm not at all certain that you might not have been in a worse position than we are in trying to stimulate new business if you had to justify some of the actions with the OSHA's and the EPA's. And I think that one of the things that is very important is to put some type of a stop to the burgeoning and, in some cases, very much overrated types of bias that come out from someone that does not get elected.

*The President.* Dave mentioned that, and sometimes you're caught between a rock and a hard place. I think we've got a good environmental record. I think it's important we've got a good environmental record. But I think, in some cases, we should be erring on the side of jobs and employment.

And I look out on—I'll give you a problem out on the Northwest. All across the country we have a spotted owl problem. And yes, we want to see that little furry, feathery guy protected and all of that. But I don't want to see 40,000 loggers thrown out of work. And so, we have to work it out properly. Bill Zeff and Bob were telling me that they've had good cooperation from Bill Reilly on some of these very difficult environmental matters.

I think of this State as, you know, good conservation. You've got a lot to conserve. You've got beauty. But we've got to find the proper balance between the excesses of the regulatory movement, which is the conservation movement, and the excesses on, the rape, pillage, and plunder on the business side.

The State has always been able to sort that out pretty well. So I take your criticism. And we will endeavor to bring home to the regional bureaucrats the need for the balance that—I think you're calling for balance in this. And I think we can do better there.

[At this point, remarks were made by a participant.]

*The President.* The national figures on manufacturing are not all discouraging even in rough economic times. What I think we were talking about here probably would have the most stimulative effect, short and long run, if you add R&D and education

into it, of manufacturing. But the concept that we need a strong manufacturing base is very, very important. And I hope I can emphasize that.

You get into a political debate; you get into a political kind of pledging debate: Who is going to cut the taxes the most to get the most votes? I think I have to resist that. I have the responsibility now, accept the responsibility for good things and the bad things, and I have to propose what I think will create the most jobs and bring the economy back the quickest. And a strong manufacturing base is part of it.

But again, let me make this pitch to you all because I do think of New Hampshire as resisting from the left or from the extreme right the siren's call of protection. We are in a global economy now. You can't separate it out. It is exports that have saved the national economy to the degree it's even been saved, and it hasn't been saved, but I mean, put it this way, it would be a lot worse if we weren't exporting to these foreign countries.

And we can compete in a manufacturing way with these foreign countries if we get the proper access, fair access to markets, and if we protect our competitiveness through the kinds of taxing that we've heard here today that I think you probably favor. So, I'll try to keep that in focus as we go forward here.

[At this point, remarks were made by a participant.]

*The President.* What you ask for is, as I thought at the opening of your remarks, an opportunity to take some specifics and to take this New Hampshire view and be heard on it. And that is easily arranged. I mean, I'd be delighted to have set up at whatever level you want to take these specifics and make clear to the regulators, or higher if you want to go, as to what the mechanics are that are holding back this recovery.

So, I accept your offer, and we'll be glad to set it up. But be specific, bring the specifics because there is some feeling that some of these problems have been resolved. And to the degree that they are still out

there, and it's something other than the judgment of the lending institution who got burned for loaning in ways they shouldn't have loaned before and are saying, "Hey, I've got to protect my stockholders," we can do something about it. If it's the judgment of a financial man, lending officer, then I don't know that the Government has a role. But if it's the Government regulator that's putting this dampener on the lending community in a small New Hampshire town, I'd like to have our people listen to that and try to be sensitive to it and try to change it. To some degree we've made progress, but obviously we haven't made enough.

[At this point, remarks were made by a participant.]

*The President.* And after you get through talking to us, and I hope that we can help as an administration, save a little time to talk to some of those who don't think we've got enough regulation on Congress and will hold up the name of a very good man for the OCC because they think he's been too lenient on regulation. And he gets stiffed in these Senate politics. Bob Smith knows this very well, indeed. We've got to sell the other side that you've got a point here, and you do have a point here.

I don't want to sound like an expert, because I've been out of meeting a payroll for a long time. When I was in the drilling business, if I went into loan on a drilling rig, I had to have a contract from a major oil company or some good credit, or they wouldn't loan me a dime. They wouldn't loan unless I had that to pay it out.

In the go-go years that followed, there got to be a lot of competition for loans for drilling platforms, and you didn't have to have a contract. And the lending institutions started making loans that they wouldn't have made in more normal times or more conservative times.

In real estate, you had to have a contract to pay out  $x$  percent of your building, if not the entire building. And then in the go-go days, through the S&L's and some degree the banks trying to compete, understandably so, thinking there will be no tomorrow, and the consumer and the loaners thinking the same thing, they made loans

that now are bad, shouldn't have made in the first place. We got carried away by the excesses.

Now, I know that from personal experience, not from some textbook, not from listening to some handler in the campaign just discovering New Hampshire. So, we have been recovering from some of the excesses. It is my point that in some of this regulation we've gone too far, that we've swung too far back. And the lender is saying to himself, "Wait a minute. I've been through all that once. Don't ask me to make the same mistake twice."

A lot of what you're talking about is psychological between the lender and the borrower. But to the degree the Government is being inhibiting, not for sound economic reason but just kind of reaction to the excesses of the past, we can help, and we should help. And we should try to lighten up on the regulations, and I know Judd feels that way at the State level.

So, I think something good can come of this, and we will set it up at whatever level you want.

*Q.* Thank you, Mr. President. We've got a very busy day planned for you, so I guess we've got to sort of wrap this up. I didn't know if you wanted to make any additional comments, or we can move on and say hello to some of the folks out there.

*The President.* Well, I'd rather say hello, but I—for busy people, working hard in a struggling economy, to take the time to come here has been extraordinarily helpful to me.

And I just want to end where I started. I don't know what I have to do to convince people here that I really care about this; I do. I probably have made mistakes in assessing the fact that the economy would recover. Last year at this time, 49 out of the 50 blue-chip economists thought that by now we'd be in recovery. They were wrong; I was wrong. Maybe one or two of you around the table would admit he or even she was wrong. Sorry, Bonnie. I don't know.

So, it's not a question of blame; I will accept that. But what I want to do is convince the people here, one, that I understand the problem—I think I do; two, that I need help in solving the problem, and that means support for the growth initiatives,

some of which I've tried and failed on because of a stiff by a partisan Congress, and some of which we will try again, and add to that additional ones that I've been listening to around this table. So, we're going to go, and go forth in this State of the Union.

Then I also took on board this comment about needing to follow that up. And what we can get done in an election year, I don't know. But I'll conclude this way: Without having it sound like Mrs. Rose Scenario, this is New Hampshire. You've done a lot; you've accomplished a lot. And this State is going to pull out of this. This national economy is going to pull out of this. You look back in history of this country; it always has, and it will.

So, my message without, as I say, just being euphorically optimistic, is that in place there are some fundamentals that we haven't talked about today. Somebody ought to—the market's seeing them, incidentally. What are they? They are: Interest rates are down. Inflation, the cruelest tax of all, is down. Unfortunately, part of the reason is economic growth is so slow. But nevertheless, that is down. Inventories are in fair shape. And I think most people here understand that. We are making progress on access to foreign markets. The exports are vibrant.

Couple those with the bad news, and we all know what that is, of unemployment and, somebody put their finger on it, confidence, the confidence factor. I mean, we had national unemployment at 10.7 percent in about 1981 or 1982, and confidence was higher then than it is now. People were say-

ing, "Hey, tomorrow is going to be better."

So, I don't want to be the cheerleader saying tomorrow is going to be better. I do think the economy is going to come out of it. But I need the help of sound-thinking people to resist the siren call of protection, to resist some of these quick political appeal taxing schemes that may get you a vote or two, but will do nothing to stimulate jobs, investment, and economic growth.

And so, I came here to ask for support in this very important field, as well as to listen to the heartbeat of this State that I do feel Barbara and I both know. Somebody mentioned her, and I am very proud of what she is doing, not just because she knows how to handle her husband when he throws up—[laughter]—but she is expressing something that I think the people of New Hampshire understand. And that is love of family, faith, determination, helping kids—taking an AIDS baby and holding it in her arms and say, "Hey, we need a little compassion and understanding on all this." And I have a very comfortable feeling that people here know that we do feel a part of this State.

In any event, that's what I'd say in conclusion. And thank you all very, very much. I've learned a lot.

*Note: The President spoke at 8:52 a.m. at the Pease Air National Guard Base. In his remarks, he referred to J. Bonnie Newman, former Assistant to the President for Management and Administration, and Ruth L. Griffin, member of the Governor's Council.*

## Remarks and a Question-and-Answer Session at a Town Hall Meeting in Exeter, New Hampshire

January 15, 1992

*The President.* I am very, very pleased to be back. Mike, how are you? This guy meets me at Pease every time I come in there. [Laughter] Exeter rose-grower.

Let me just say how really pleased I am to be here and to thank you for turning out. I want to make a couple of comments,

and then it's mainly questions. Isn't it, Judd? First, I want to thank the Governor for being at my side. You know my and Barbara's affection for Governor Judd Gregg and for Hugh and Kay, old longtime friends who stay in touch and who have kept me informed of this State—both